

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
CHESAPEAKE UTILITIES CORPORATION)
FOR APPROVAL TO EXTEND THE COST)
RECOVERY PERIOD UNDER ITS TEMPORARY) PSC DOCKET NO. 17-1084
GAS STORAGE TANK PROGRAM FOR THE)
PENINSULA LAKES SUBDIVISION)
(FILED OCTOBER 10, 2017))

ORDER NO. 9151

AND NOW, this 7th day of December, 2017, the Delaware Public Service Commission ("Commission") determines and orders the following:

WHEREAS, in Order No. 8982 dated December 20, 2016, the Delaware Public Service Commission ("Commission") adopted a proposed settlement agreement in Docket No. 15-1734, which resolved all outstanding issues in Chesapeake Utilities Corporation's ("Chesapeake" or the "Company") base rate case. In Order No. 8982, the Commission approved a program that allows the Company to provide a customer with temporary propane or compressed natural gas service until the Company completes construction of a new natural gas main to serve the customer ("Temporary Tank Program").¹ The Company may recover the cost of providing the service to the extent that the cost of the extension project, including the cost of temporary storage tanks and the conversion of gas appliances, meets the economic test contained in the Company's Line Extension Tariff,² but such cost recovery is limited to those connections that are completed within twelve months from the placement of the temporary tank. The Company, however, may petition the Commission for an extension of time, not to exceed an additional

¹ PSC Order 8982, at Exhibit 1, page 4.

² *Id.*

six months, if the delay "occurs for reasons not reasonably foreseeable and beyond the control of the Company"³; and

WHEREAS, on October 10, 2017, pursuant to PSC Docket No. 15-1734, Order No. 8982 (December 20, 2016), Chesapeake filed with the Commission an application (the "Application") seeking approval to extend the cost recovery period under the Temporary Tank Program for an additional six months for the Peninsula Lakes subdivision located near Millsboro, Delaware; and

WHEREAS, the Company states that the Peninsula Lakes project has extended beyond twelve months from the placement of the first temporary tanks because of a timing issue involving the Commission's approval of the Temporary Tank Program and a Delaware Department of Transportation ("DelDOT") restriction on construction along Route 24 between May 1 and October 1.⁴ After the Commission approved the Temporary Tank Program and the Company completed permitting and designing the approach main (which typically takes three months), the Company could not start and complete the Route 24 portion of the approach main prior to DelDOT's summer restriction on Route 24 construction. Had the Company started construction prior to May 1, it would have had to suspend construction activities on May 1, midway through the Route 24 project, and incurred significant de-mobilization and re-mobilization costs associated with the suspension and re-starting of a construction project⁵; and

WHEREAS, additionally, after the Company initiated the project

³ *Id.*, at paragraph 22 of Attachment A ("Proposed Settlement") to Exhibit 1 ("Findings and Recommendations of the Hearing Examiner").

⁴ Application at paragraph 4.

⁵ *Id.*

design, it discovered that a majority of the public utility right-of-way ("ROW") along the project route was located under the shoulder of the road, rather than next to the road where the ROW is typically located.⁶ The additional time required by the need to break through pavement to install the pipeline and to restore the roadway will prolong the project. The Company now projects that it will complete the project, including the approach main and development main, by June 2018 absent any unusual weather delays⁷; and

WHEREAS, on October 16, 2017, the Delaware Division of the Public Advocate ("DPA") filed its Statutory Notice of Intervention; and

WHEREAS, on November 14, 2017, after reviewing the Application and the Company's economic test, or internal rate of return model ("IRRM"), for the Peninsula Lakes expansion project, Commission Staff submitted a Memorandum to the Commission recommending that the Commission approve the Application. The DPA also recommends approving the Application; and

WHEREAS, the Commission has reviewed the Application and Staff's November 14, 2017 Memorandum. Based thereon, we find that the Company has met the criteria set forth in Order No. 8982 for extending the cost recovery period from twelve to eighteen months for the Peninsula Lakes subdivision. Based on the timing of the approval of the Temporary Tank Program together with the DelDOT restriction on construction during the summer along beach routes, as well as the atypical location of the ROW, the delay has occurred for reasons not

⁶ *Id.*, at paragraph 6.

⁷ *Id.*

reasonably foreseeable and beyond the control of the Company, as required by Order No. 8982;

**NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE
VOTE OF NOT FEWER THAN THREE COMMISSIONERS:**

1. That the Commission approves the Company's request for an extension of the cost recovery period under its Temporary Gas Storage Tank Program from twelve months to eighteen months for the Peninsula Lakes subdivision located east of Millsboro, Delaware.

2. That the Commission reserves jurisdiction and authority to enter such further orders in this matter as may be necessary or proper.

BY ORDER OF THE COMMISSION:

Chair

Commissioner

Commissioner

Commissioner

Commissioner

ATTEST:

Secretary